



HONG KONG MONETARY AUTHORITY

香港金融管理局

Our Ref.: B10/1C
B1/15C

18 March 2016

The Chief Executive
All authorized institutions

Dear Sir/Madam,

United Nations Security Council Resolution concerning the Democratic People's Republic of Korea and Combating Financing of Weapons of Mass Destruction Activities

I am writing to draw your attention to recent international developments regarding the sanctions regime concerning the Democratic People's Republic of Korea (DPRK) and to reiterate the importance of combating financing of weapons of mass destruction (WMD) activities.

United Nations Security Council Resolution concerning the DPRK

In March 2016, the United Nations Security Council adopted resolution 2270 (UNSCR 2270) that imposes new sanctions and tightens some of its existing measures against the DPRK. AIs should be aware of the scope and focus of these changes and carefully assess the implications for their operations and procedures. The full text of the resolution can be found on the website of the United Nations at (<http://www.un.org/press/en/2016/sc12267.doc.htm>).

Reference may also be made to our recent circular dated 4 March 2016 on the latest statements issued by the Financial Action Task Force on Money Laundering which also contains important information on the DPRK.

United Nations Sanctions (Democratic People's Republic of Korea) Regulation

Arising from UNSCR 2270, the list of persons and entities specified by the Secretary for Commerce and Economic Development as relevant persons and relevant entities under section 31 of the United Nations Sanctions (Democratic People's Republic of Korea) Regulation (Cap. 537 sub.leg. AE) has been

updated. It was published in the Gazette (G.N. 1478) today and is available on the Government's website (<http://www.gld.gov.hk/egazette>).

In accordance with the provisions of Chapter 6 of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, AIs should maintain a database of individuals and entities designated under the United Nations (Anti-Terrorism Measures) Ordinance, United Nations Sanctions Ordinance and US Executive Order 13224 for client and transaction screening purposes.

The HKMA expects all new designations to be screened against an AI's client list as soon as practicable whenever there are updates. Any transactions or relations, past or present, with any designated individual or entity should be reported to the Joint Financial Intelligence Unit and the HKMA.

Combating Financing of Weapons of Mass Destruction Activities

We would like to reiterate the importance of continued vigilance for possible activities or transactions that are suspected to be related to the proliferation of WMD as previously indicated in our circular on this subject dated 5 April 2013 (<http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2013/20130405e1.pdf>). Where activities or transactions are suspected to be related to the proliferation of WMD, AIs should handle the relevant accounts with great caution. AIs are reminded once again that the provision of any services to customers, where activities or transactions are suspected to be related to WMD proliferation, is an offence under section 4 of the Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap. 526).

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)